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PP RUEHFK RUEHKSO RUEHNAG RUEHNH  
DE RUEHKO #2426/01 2940628  
ZNR UUUUU ZZH  
P 210628Z OCT 09  
FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC PRIORITY 6956  
INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY  
RUEAWJA/USDOJ WASHDC PRIORITY  
RULSDMK/USDOT WASHDC PRIORITY  
RUCPDOG/USDOC WASHDC PRIORITY  
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UNCLAS SECTION 01 OF 08 TOKYO 002426

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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 10/21/09

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- (1) Concerned about possible derailment of U.S. force realignment, U.S. Defense Secretary Gates throws cold water on Tokyo's intention to postpone Futenma issue

MAINICHI (Page 2) (Full)  
October 21, 2009

Yoso Furumoto

U.S. Secretary of Defense Robert Gates, who is the first U.S. cabinet minister to visit Japan since the Hatoyama administration was launched, held talks with Foreign Minister Katsuya Okada (on Oct. 20). The talks revealed a wide gap between the views of Japan and the United States on the planned relocation of the U.S. Marine Corps' Futenma Air Station, throwing cold water on Tokyo's intention to postpone its decision. If Tokyo takes a wrong step, it could adversely affect the entire Japan-U.S. relationship. With President Barack Obama's visit to Japan coming up in November, Tokyo is faced with a tough task.

"I especially want to discuss the relocation of Futenma Air Station," Secretary Gates said before taking questions about the matter from the traveling press corps including a Mainichi Shimbun reporter onboard a special government plane (traveling to Japan). He made it clear that the major purpose of his trip to Japan is to discuss the Futenma relocation issue.

Afghan policy is the biggest challenge facing U.S. foreign and security policies. As such, seeking cooperation on aid for Afghanistan had been regarded as the main purpose of Gates's current tour that will also take him to Slovakia where the defense ministers of Japan, South Korea, and the North Atlantic Treaty Organization (NATO) will meet.

Contrary to such speculation, Gates has decided to focus on the Futenma relocation issue during his stay in Japan. He has apparently recognized the need to press the Japanese government to implement

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the relocation plan, as was agreed upon, by setting Nov. 12, the day President Obama is to arrive in Japan, as the de facto "deadline" for the issue.

In the wake of the launch of the Hatoyama administration, there were moves in the United States to wait and see for several months, as seen in Assistant Secretary of State Kurt Campbell's statement calling for patience, thinking applying foreign pressure would draw backlash from Tokyo. These moves prompted the Hatoyama administration to postpone its conclusion on the Futenma issue.

A package deal between Japan and the United States is designed to complete the realignment of U.S. forces in Japan, including the transfer of a carrier-based air wing from U.S. Naval Air Facility Atsugi in Kanagawa Prefecture to the U.S. Marine Corps' Iwakuni Air Station in Yamaguchi Prefecture, by 2014. The plan is already slightly behind schedule. Washington thinks that if it allows Tokyo to put off a decision, it is possible that the U.S. force realignment plan will be stalled and that the discussion will go back to square one.

Asked about the possible impact of the Japanese government's failure to implement the agreement, Gates said clearly: "I don't want to speculate. It is a government-to-government agreement, and I am certain that the two sides will keep their promises." The defense secretary was not only applying pressure on the Japanese government but also implying that a failure to abide by the agreement would have a serious impact on the bilateral alliance.

(2) Residents near U.S. bases in areas other than Okinawa also call for base realignment

ASAHI (Kanagawa edition) (Page 31) (Full)  
October 20, 2009

Sagami Depot, a U.S. Army facility, is located north of JR Sagami Station and covers a vast expanse of land. Hisao Kishi, 76, who was an employee of Sagami City's municipal government and lives near the facility, has been wondering if this huge base should be there. The base has constituted a major hindrance to the daily lives of local residents and urban development. In the roadmap adopted in May 2006 for realigning U.S. forces in Japan, the U.S. agreed to return 17 hectares west of the land covering a total area of about 214 hectares to Japan and to allow the municipal government

to use 35 hectares with the U.S. military. All the more because he was engaged in a campaign for returning the site of the base as a leader of local residents, he was especially pleased with this decision.

Kishi participated in working out a local development plan in cooperation with the municipal government. More than three years have already passed since then, but little progress has been made. Kishi angrily said: "I wonder how the central government has taken the citizens' strong desire to see the plan smoothly implemented."

The government led by the Democratic Party of Japan has advocated reviewing the existing plan to realign U.S. forces in Japan. But the focus of attention is always on U.S. military bases in Okinawa. In the campaign for the upcoming by-election (in Kanagawa) for an Upper House seat, as well, attention is being paid to Okinawa. Kishi emphasized: "The prefecture hosts the nation's second largest number of U.S. bases. I want the government to properly pay attention to

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the realignment of U.S. forces in areas other than Okinawa."

(3) Editorial: It is wrong for the U.S. to insist on relocating the Futenma base within Okinawa

OKINAWA TIMES (Page 5) (Full)  
October 21, 2009

We hope that Prime Minister Yukio Hatoyama firmly conveys to the U.S. his pledge to the voters to relocate the Futenma out of Okinawa or out of Japan. U.S. Secretary of Defense Robert Gates, who is on a visit to Japan, met Foreign Minister Katsuya Okada. He indicated his desire to implement the plan to relocate the U.S. forces' Futenma Air Station to Henoko in Nago City based on the agreement reached between Japan and the U.S. Mr. Okada explained that the political situation has changed with the change of administration and sought his understanding of the delay in reaching a conclusion.

The Obama administration in the United States has also reviewed an agreement to deploy a missile defense system in Europe after the change of administration. It is absurd that the U.S. is fixated with an agreement reached with Japan's previous administration. Prime Minister Hatoyama remarked that "the flexibility of deciding after discussing with the U.S. government with an open mind is necessary." This is right on the mark.

Mr. Gates will meet with Prime Minister Hatoyama and Defense Minister Toshimi Kitazawa today. Inasmuch as the wavering of Prime Minister Hatoyama and the concerned cabinet ministers on the relocation issue has become pronounced recently, we hope that they will firmly assert the principle of relocation out of Okinawa or out of Japan pledged during the House of Representatives election campaign. That, we think, will contribute to a "close and equal relationship" with the U.S., as stated in the (Democratic Party of Japan's) manifesto (campaign pledges).

However, it appears that Prime Minister Hatoyama is postponing his conclusion until after the Nago mayoral election in January. If the security of the country is left to the judgment of one local public entity, this will be an indication of the vulnerability of the Japan-U.S. security alliance. We think this is unacceptable. It would be outrageous if the intention is, actually, to find a way to carry out the existing plan depending on the outcome of the election. The will of the citizens of Nago has already been expressed through the referendum held in 1997. The local community should not be plunged into further division and confusion.

On the other hand, Mr. Gates did not object to Japan's proposal to withdraw the Maritime Self-Defense Force from the refueling mission in the Indian Ocean by January and to cooperate with vocational training of former Taliban soldiers and other forms of civilian aid.

We ask Governor Hirokazu Nakaima to give some thought to how his messages are being received outside of Okinawa. While he is saying that the best option is relocation out of the prefecture and the

second best option is to relocate within the prefecture to a new offshore facility, the first half of his message has mostly been lost on the Japanese mainland, and only the second half is being emphasized. His real intent is not coming across clearly. If Governor Nakaima thinks that relocation outside of Okinawa is the best option, he should try to persuade the DPJ administration

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proactively, and now is the time to do so.

The superiority of Okinawa's geographic location no longer holds water. Since the Marines are being deployed to Iraq and Afghanistan, which are far away from Okinawa, there is no necessity of stationing them in the prefecture. Experts also see no role for them with regard to North Korea's missile issue, which is a cause of concern in East Asia. As to the possibility of an armed conflict between China and Taiwan, this has become hard to imagine with their increasingly close economic ties.

The DPJ's position on relocating the Marines out of Okinawa or out of Japan since its days in the opposition is rational. The construction of Futenma's replacement facility in the coastal area of Henoko in Nago City is being planned for these Marines.

The DPJ has taken over the administration from the Liberal Democratic Party. Candidates opposed to relocating the Futenma base to Henoko won in all four electoral districts in Okinawa in the recent Lower House election.

At his meeting with Mr. Gates, we hope that Prime Minister Hatoyama will explain in detail that the political situation has changed completely, stand firm on the principle of relocation out of Okinawa or out of Japan, and show his guts in winning the United States' understanding.

(4) U.S. Ambassador to visit Okinawa in November; SDP head Fukushima calls for his visit

OKINAWA TIMES (Page 3) (Full)  
October 21, 2009

U.S. Ambassador to Japan John Roos will visit Okinawa in November in connection with the relocation of the U.S. Marine Corps' Futenma Air Station. This was revealed by State Minister for Consumer Affairs Mizuho Fukushima (who heads the Social Democratic Party) at a news conference on the morning of Oct. 20. According to Fukushima, she learned of the news from Ambassador Roos during his courtesy call on her. Meanwhile, the Democratic Party of Japan (DPJ) has announced that DPJ Secretary General Ichiro Ozawa will hold talks with Roos at DPJ headquarters on the evening of Oct. 21. The event -- Ozawa's first meeting with Roos since becoming DPJ secretary general -- will take place at the request of Roos, according to the DPJ.

Fukushima indicated that during her meeting with Roos on Oct. 19, she said: "You visited Hiroshima (on Oct. 4). This time around, I want to see you visit Okinawa." Fukushima quoted Roos as replying, "I will go there next month."

Fukushima also asked not to build a base in the Henoko district in the city of Nago, the relocation site for Futenma Air Station, where (the ocean) is especially beautiful in Okinawa. There was no clear-cut answer.

(5) Hatoyama administration's "backsliding" on postal privatization questioned

NIKKEI (Page 1) (Full)  
October 21, 2009

Mikio Kanno, editorial staff member

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The Hatoyama administration's backsliding on postal privatization

will accelerate with Japan Post President Yoshifumi Nishikawa's announcement of his resignation. The administration's talk of reviewing postal privatization for improving services in the localities and rectifying disparities is music to the ear, but reforms to move from the government operations to the private sector, aimed at sustaining Japan's economic vitality in an age of global competition, declining birth rate, and aging society, may be seriously set back.

#### Private sector vitality to be jeopardized

Nishikawa looked back on his four years in office at his news conference announcing his resignation, saying: "I have made efforts to transform a government business backed by the government's credibility into a private business that works to win the trust of customers and the market through its own efforts."

The job of Nishikawa, who was asked by former Prime Minister Junichiro Koizumi to head Japan Post, was to use his management skills from his experience working for a private bank to reform the enormous postal businesses.

Postal savings and insurance had sucked financial assets amounting to several hundred trillion yen from Japanese households, serving as a government-run financial institution used to fund unprofitable projects. Drastic measures had to be taken to change the economy into one where funds and resources were mainly channeled to the private sector. The reform of moving government operations to the private sector was indispensable for Japan to sustain its capacity for economic growth.

The Liberal Democratic Party (LDP) won a landslide victory in the 2005 House of Representatives election, where Koizumi reduced the points of contention to just one -- postal privatization -- and won the voters' support. There was also strong criticism of the excessive expansion of the government-run postal businesses.

The Democratic Party of Japan (DPJ), which used to compete with the LDP in promoting structural reforms, subsequently used opposition to the Koizumi reforms as a means of expanding its support. Its policy of reviewing postal privatization also clearly arose from the desire to promote election cooperation with the People's New Party (PNP), which is opposed to postal privatization. After the DPJ won an impressive victory in the recent Lower House election, its abandonment of the privatization policy became obvious when PNP leader Shizuka Kamei was appointed state minister for postal reform and financial affairs.

The policy now is to integrate the postal savings, insurance, and delivery services and use the network of post offices as hubs for the protection of the rights of the weak and the rectification of social disparities. For sure, it is important to improve services to the users. However, the new administration's policy turns its back on the policy direction of entrusting the postal businesses to the private sector, and this amounts to the "re-nationalization" of the postal businesses.

Yet, the revival of government-financial operations will not be able to open new horizons for Japan's economy. Government will remain involved in management of postal savings and insurance, while

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financial operations backed by the government's credibility will be preserved. Under this set-up, private sector financial services cannot hope to develop, although the private financial institutions' lack of creativity in their management is partly to blame for this.

The same is true for the postal delivery business, which is suffering from declining profits like elsewhere in the world because of the spread of the Internet. Efforts to find ways to survive through collaboration with private companies both in Japan and overseas have been made since privatization. Can such private sector business sense be sustained after the policy change?

Nishikawa's management did have its shortcomings. Investing 80 percent of funds from postal savings and insurance in government

bonds can hardly be considered normal. Prime Minister Yukio Hatoyama should explain what were the problems with postal reforms.

#### Take responsibility for the future

The government will have to issue over 50 trillion yen in bonds in FY09, giving rise to the abnormal situation of bond issuance exceeding revenue income for the first time in postwar history. The formulation of the FY2010 budget has also seen the inflation of budget requests, particularly appropriations for social security, under the slogan of a "welfare economy."

Breaking away from the bureaucracy and political leadership is well and good, but has this not resulted only in greater reliance on the government? It will not be surprising for people who hope for change under the new administration to come to have doubts.

Voters who are concerned about the future will certainly see through this backsliding aimed at winning support in the immediate future.

(6) Editorial: New basic policy of postal reform; isn't this the withdrawal of postal reform?

NIKKEI (Page 2) (Full)  
October 21, 2009

The governments has adopted at a cabinet meeting a basic policy of postal reform designed to drastically revise postal privatization. Following the move, Japan Post Holdings Co. president Yoshifumi Nishikawa announced his intention to step down before serving out his term. The postal privatization was aimed to turn around the economy through the switch of the direction of the flow of funds from the public sector to the private sector. A major change to the privatization plan, even though it has some problems, including that the plan will cause a decline in services for residents in some areas, would substantively increase costs to be shouldered by the Japanese economy.

According to the basic postal reform policy, the present four-company system under Japan Post Holdings Co. will be reorganized into a system in which mail delivery, postal savings, and postal insurance are available at every post office. Regulations that are different from those applied to the Banking Law and the Insurance Law will be introduced. This system will be used for administrative service with the use of the network of post offices as bases for correcting regional disparities. Following the decision, the government will submit to the Diet session to be convened on Oct. 26 a bill freezing the sale of stocks of the Japan

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#### Post Group.

Many questions remain. Providing courteous service nationwide would inflate business costs. Who would shoulder those costs? It can be assumed that the government intends to have Japan Post Bank Co. and Japan Post Insurance Co. give up becoming independent as privatized companies. If that is the case, we are afraid that the basic policy could cause the emerging efficiency at both companies to decline.

The stocks of Japan Post Bank Co. and Japan Post Insurance Co. were to be put up for sale on the market as early as next year. If the plan is suspended for a long period of time, the two companies with the backing of public trust in the government (the government still wholly owns their stocks) will likely squeeze the operations of private financial institutions.

What is more, if the Japan Post Group, the government's wholly owned company, has sole jurisdiction over funds coming from postal savings and postal insurance, the postal business would return to the previous state. As a matter of fact, State Minister for Postal Reform has suggested a plan to invest such funds as postal savings into the development of local regions (as was the case during previous administrations).

An enormous amount of postal savings funds and postal insurance funds had been funneled into special corporations and the central

and local governments under the fiscal investment and loan system and used in an inefficient manner. The principle of postal reform was supposed to use those funds effectively in the private sector for the revitalization of the economy by correcting such a system.

The process leading to President Nishikawa's decision to step down casts a shadow on the future of the postal reform. President Nishikawa, who once served as the president of Sumitomo Mitsui Banking Corporation, assumed the post at the request of former prime minister Junichiro Koizumi. Even some in the Liberal Democratic Party (LDP) during the previous administration took a view that the sale of Kampo no Yado (a Japan Post-owned resort hotel chain) involved questionable procedures. However, an investigation by the Internal Affairs Ministry did not find clear irregularities. Neither the Democratic Party of Japan (DPJ) nor the People's New Party (PNP) has come up with new revelations.

The government relegated the management of Japan Post Holdings Co. to a private citizen, and yet it treated him in a manner close to bullying. On top of that, if it had pressed him to resign, giving the policy switch as the reason, it is questionable whether a private citizen would to accept an offer for the presidency of such a company. Considering such a situation, we cannot but regard the government plan to review postal privatization as synonymous with withdrawing from postal reform.

(7) New flu infections estimated at 640,000

YOMIURI CHUBU EDITION (Page 32) (Full)  
October 17, 2009

The number of people who visited medical institutions across Japan for flu treatment during the period from Oct. 5 to 11 was estimated to be about 640,000, the National Institute of Infectious Diseases announced on Oct. 16 based on its fixed-point survey of about 5,000 medical institutions nationwide. The number of flu patients

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increased rapidly from about 330,000 recorded the previous week. The number of people infected with influenza since July totaled about 2.34 million. It appears that most of the 2.34 million were infected with the new flu.

More than 80 PERCENT of the 640,000 flu patients were minors. About 40,000 patients were aged four and younger, 160,000 were aged 5 to 9, 230,000 were aged 10 to 14, and 100,000 were aged 15 to 19. The figures indicated an increase in flu infections, particularly among elementary and junior high school students.

By prefecture, Hokkaido had the highest ratio at 38.96 patients per institution, easily exceeding the prefectural warning level of 30, followed by Aichi with 23.52, Fukuoka with 23.48, Kanagawa with 21.63, Okinawa with 19.48, Tokyo with 18.98 and Osaka with 16.96.

The number of flu cases treated per institution in Aichi increased by more than double from 10.39 patients recorded the previous week. In both Mie and Gifu prefectures, the number of flu cases treated per institution doubled to 11.07 and 7.45 patients, respectively. The 11.07 patients in Mie exceeded the prefectural alert criteria of 10.

ROOS